

Question Circulates: 'Economic 9/11' Coming?

by Marcia Merry Baker

The same week that the President signed the \$350 billion-plus tax bill, Lyndon LaRouche, in a statement issued by his campaign, called the question on the Administration's disastrous economic policies: Is this stupidity or willfulness? He referred to the whole series of guaranteed-disaster actions—including Treasury Secretary John Snow saying that the falling dollar will help exports, the Administration's drop-dead stance toward state budget catastrophes, unlimited deficits, rising unemployment, etc.

Others have since also said, "It's deliberate." By that, most of them mean that the Administration is acting out of venal neo-conservative ideology: namely, the ensuing fiscal crisis will create the excuse to eliminate government entitlement responsibilities, and people will be hurt—medical cuts, wage cuts, job cuts—but, given their extremist free-trade ideology, so what? Denunciations of willfulness on the part of the Administration have come forward from Sen. Jon Corzine (D-N.J.); former Gov. Howard Dean (Democratic Party Presidential candidate); and many others. The *Los Angeles Times* wrote on June 2 that this view is "bubbling up" in Washington. Earlier, in the *New York Times* on May 27, Paul Krugman said the neo-cons are hoping for a financial "train wreck" in order "to destroy America's social safety net built up over the past 70 years."

But LaRouche's question is deeper: Is there an intent to create an "economic 9/11" as a pretext for imposing a modern-day Hitler regime on the United States? How would it happen? The moment that the banks are shut, businesses are shut, there is no credit, people have no money and are dropping in the streets, then you have a panic. Private powers can step into that kind of void with a new super-scheme à la the Bank for International Settlements, just as Montagu Norman, Hjalmar Schacht, Averell Harriman, and the Morgan interests did to early 1930s Germany.

'Plausible. . . Who Would Be Hitler Figure?'

"Mr. LaRouche has introduced an interesting idea, with his warning of an 'economic-financial 9/11'; and certainly, nothing that the Administration is now doing on economic policy would rule this out. In fact, it is plausible to interpret their actions in this way," stated a City of London financial figure on May 30. "The big question, in the end, is . . . do they intend to do something like this, or can one only infer from what they are doing, that something like this can happen?"

Were this to be in the works, the most likely approach, as was done in Germany, before Hitler came to power, would be to destroy public finances, by undermining confidence in government paper, and thereby creating such a crisis, that drastic measures could be implemented to justify cutting social programs. A real shock would be created, if there was a loss of confidence in U.S. Treasury bonds. . . . That would certainly concentrate minds! Yields would go up, and that would drive up mortgage rates, and people who have been borrowing greatly to service their debts, could no longer do so, and then there would be the stark 'choice' presented to them, of a 'solution', based on cutting social programs."

A second London banker responded on May 30, "LaRouche's idea is intriguing. . . . I don't believe Bush himself, or even Greenspan would go for this, but others might. What the Administration is now doing, is paradoxical in the extreme. They are desperate to avoid a big economic collapse before the 2004 elections, so they are *risking everything* with a dollar devaluation, driving long-bond yields down, and hoping this will work. In other words, speculative recklessness is back. . . . At the mildest, one could label this 'rash.' In actuality, it is far worse."

Who would be the "Hitler figure"? was the response from one American economist, who found this whole prospect very serious. The professor, who himself has been actively lobbying for a new "financial architecture" in recent years, responded to LaRouche's question: "Well, I don't know. It sounds like an awful lot, and what are they going to put in its place? . . . When you talk about Schacht, it sounds like you're thinking about some sort of Hitler figure being put in its place. I find that—although I admit these Patriot Acts worry me a bit."

'It's Ideology'

There are many formulations of how the Administration is acting out of ideology. Sen. Jon Corzine is quoted in the June 2 *Los Angeles Times*, describing how " 'the ideologues in the administration have a two-stage strategy: Engineer large deficits now, and then use the red ink later to argue 'for downsizing the role of government,' particularly by retrenching Social Security and Medicare.' " In the June 2 *Baltimore Sun*, columnist Jules Witcover quotes former Governor, now Presidential pre-candidate Howard Dean: "Let us be clear. The President's tax cuts are part of a radical agenda to dismantle Social Security, Medicare and our public schools though financial starvation."

On May 31, at a national anti-war teach-in in Washington, city activist Thomas Raney said, "The Bush Administration is enacting radical, harmful changes, particularly in tax law. They want to bankrupt the country so they can eliminate all the social programs, Social Security, Medicare, Medicaid, the programs that protect people." Quoted in the June 1 *Washington Post*, Raney said, "I believe the Bush Administration is copying what Adolf Hitler did."